

**DEPARTMENT OF HEALTH AND FAMILY SERVICES
DIVISION OF HEALTH CARE FINANCING
ADMINISTRATOR'S MEMO SERIES**

NOTICE: 03-07

DATE: 7/25/03

DISPOSAL DATE: ONGOING

RE: Income Maintenance
Financing Issues, including
additional funding for 2003.

To: County Department of Human Services Directors
County Department of Social Services Directors
County Economic Support Managers/Supervisors
Tribal Chairperson/Human Services Facilitators
Tribal Economic Support Directors

From: Mark B. Moody
Administrator

PURPOSE

The responsibility for management of the Food Stamp Program and Income Maintenance (IM) Administration was transferred from the Department of Workforce Development (DWD) to the Department of Health and Family Service (DHFS) on July 1, 2002. DHFS assumed responsibility for reimbursement under the IM contracts effective July 1, 2002. DHFS assumed full responsibility for contract language and funding effective with the CY2003 contract period.

Funding for IM programs for county agencies is now provided as an appendix to the State and County contract for Social Services and Community Programs. Funding for tribal IM agencies is provided through several appendixes to the State and Tribal contract for the Department of Health and Family Services Programs.

The purpose of this memo is to provide information about issues related to IM funding, including:

- Clarification on allocating costs appropriately for benefiting programs;
- Information about overspending in the fraud allocation for calendar year (CY) 2002 contracts; and
- De-obligating unspent funds from the CY 2002 allocations.

APPROPRIATE COST ALLOCATION FOR BENEFITING PROGRAMS

We have recently received clarification from the federal Division of Cost Allocation about the need to identify and allocate functions provided by W-2 agencies that benefit IM programs and vice versa. Wisconsin has a combined application process for determining eligibility and benefits for the W-2, Child Care, Food Stamps and Medicaid programs. A household open for all programs has just one case in the CARES system. Under federal cost allocation requirements, the state must establish appropriate reporting and accounting measures to recognize these shared activities and allocate and bill them appropriately.

W-2 agencies provide services or perform functions that benefit the IM programs. These need to be tracked so that they can be billed appropriately to the IM agency. IM agencies provide services and perform functions that benefit the W-2 and Child Care programs. These also need to be tracked so that they can be billed to the appropriate W-2 agency. For example, information taken by the IM agency and entered into the CARES system for a client could benefit the W-2 and child care programs because workers for those programs will not have to re-enter any of that information into the system.

The Random Moment Sampling method used to record time spent on IM and W-2 activities currently captures costs for benefiting programs appropriately for all agencies except for the W-2 agencies administered by a private entity and Tribal agencies. DWD has now modified the guidelines for the private W-2 agencies that report costs using the one-hundred percent time reporting method so that costs incurred by the W-2 agencies for the IM program can be appropriately recorded.

There are options for handling the reimbursement of costs in those geographic areas in which there are separate IM and W-2 agencies. The billing and reimbursement can be done locally or at the state level by DWD and DHFS. DHFS is currently working on potential methods for this process. Regardless of the accounting method that is established, the funding to reimburse the agency providing the service must come from the agency that benefits from the service. DHFS will not provide additional funding beyond current IM contracts to cover the costs of these shared services.

FRAUD OVERSPENDING

Under the IM contracts, funding for public assistance fraud investigative services is provided as an allocation separate from the base allocation. DHFS policy and procedures do not allow expenses over these allocation amounts for fraud investigative services to be reimbursed using state funds. However, expenses for fraud investigative services incurred by the IM agency that are in excess of the allocation amount may be matched with federal funds and the federal funding will be reimbursed to the IM agency to the extent that the federal funding is earned and available.

CY 2002 CONTRACT – UNSPENT FUNDS

For some counties and tribes, expenditures claimed under the IM contracts for 2002 are less than the contract allocation amounts, for a variety of reasons. Based on final expenditure data, \$667,700 in funding statewide was allocated to the local agencies in CY 2002 but was not expended.

There are two sources of unspent funding. The first comes from the base contract allocation. A second source of unspent funding arises from certain incentive payments that are earned by the agency but are not provided to them until late in the year, such as Estate Recovery Incentives. Some agencies do not have the opportunity to expend these funds because they receive them so late in the contract period.

DHFS will de-obligate funds from the contracts with the agencies that did not expend all of their IM allocation in CY2002. These funds will be returned to some IM agencies as a one-time increase to the CY2003 contract. The funds will be distributed according to each agency's share of the Food Stamp and Medicaid caseload for all agencies that had greater than 500

cases as of March 2003. The attached table shows the distribution of these funds for these agencies.

The additional funds are provided for the CY2003 contract period to recognize recent workload and financing changes including:

- General caseload growth;
- The start-up a new Medicaid sub-program for family planning benefits; and
- The additional of a new IM agency – the Potawatomi Tribe.

The re-obligation of funding is one-time in nature. The appropriation that funds the Income Maintenance Administrative Allocation is a biennial appropriation and under current law, the Department is required to lapse any unspent funds at the end of the 2003 contract.

Contact for this memo:

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BA07039.JS

ATTACHMENT

AGENCIES WITH CASELOAD OF 500 OR MORE, MARCH 2003 ADDITIONAL FUNDING PROVIDED FOR 2003 CONTRACT

AGENCY NAME	MARCH 2003 UNDUPLICATED FOOD STAMP and MEDICAID CASELOAD	ADDITIONAL FUNDING
STATEWIDE TOTAL (Agencies with cases above 500)	259,196	\$667,691
ADAMS	1,262	3,251
ASHLAND	1,495	3,851
BARRON	2,911	7,499
BAYFIELD	802	2,066
BROWN	8,628	22,226
BUFFALO	639	1,646
BURNETT	968	2,494
CALUMET	1,017	2,620
CHIPPEWA	2,883	7,427
CLARK	1,591	4,098
COLUMBIA	1,870	4,817
CRAWFORD	1,015	2,615
DANE	13,133	33,831
DODGE	2,881	7,421
DOOR	1,090	2,808
DOUGLAS	2,792	7,192
DUNN	1,857	4,784
EAU CLAIRE	4,416	11,376
FOND DU LAC	4,168	10,737
FOREST	615	1,584
GRANT	2,044	5,265
GREEN	1,404	3,617
GREEN LAKE	807	2,079
IOWA	834	2,148
JACKSON	1,117	2,877
JEFFERSON	2,632	6,780
JUNEAU	1,328	3,421
KENOSHA	7,888	20,320
KEWAUNEE	667	1,718
LA CROSSE	5,243	13,506
LAFAYETTE	545	1,404
LANGLADE	1,416	3,648
LINCOLN	1,371	3,532
MANITOWOC	3,174	8,176

AGENCY NAME	MARCH 2003 UNDUPLICATED FOOD STAMP and MEDICAID CASELOAD	ADDITIONAL FUNDING
MARATHON	4,875	12,558
MARINETTE	2,313	5,958
MARQUETTE	740	1,906
MILWAUKEE	84,467	217,587
MONROE	2,077	5,350
OCONTO	1,440	3,709
ONEIDA	2,054	5,291
OUTAGAMIE	4,283	11,033
OZAUKEE	1,363	3,511
PIERCE	1,030	2,653
POLK	1,940	4,997
PORTAGE	2,886	7,434
PRICE	1,159	2,986
RACINE	8,921	22,981
RICHLAND	1,112	2,865
ROCK	8,284	21,340
RUSK	1,128	2,906
ST. CROIX	1,844	4,750
SAUK	2,308	5,945
SAWYER	1,311	3,377
SHAWANO	1,824	4,699
SHEBOYGAN	3,989	10,276
TAYLOR	1,094	2,818
TREMPEALEAU	1,450	3,735
VERNON	1,292	3,328
VILAS	792	2,040
WALWORTH	3,318	8,547
WASHBURN	1,139	2,934
WASHINGTON	2,824	7,275
WAUKESHA	6,413	16,520
WAUPACA	2,786	7,177
WAUSHARA	1,067	2,749
WINNEBAGO	5,437	14,006
WOOD	3,733	9,616